

UNIVERSITI TEKNOLOGI MARA

**PERFORMANCE MEASUREMENT
SYSTEM AND MANAGERIAL
PERFORMANCE IN RESPONSE TO
PUBLIC SECTOR CHANGE: THE
MODERATING EFFECTS OF
PERCEIVED READINESS FOR
CHANGE**

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree qualification

I, hereby, acknowledge that I have been supplied with the academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

The Government Transformation Program (GTP) has been established in 2009 in an effort to improve performance of public sector organizations, which include improvement in managerial performance. This study views the GTP as the change program initiated by the government to improve performance and service delivery towards the public at large. The present study asserts the significance of inculcating managers' Perceived Readiness for Change (PRC) in the study of Performance Measurement System (PMS) towards improving public sector performance. So far, however, there has been little discussion on the role of PRC in enhancing the relationship between PMS and managerial performance. The present study explores the pattern (based on the response pattern of respondents on the Person-Item Distribution Map of Rasch Analysis) of managerial performance, PMS and PRC after the implementation of GTP. The present study also investigates the relationship between PMS and PRC on the managerial performance. This study also examines the role of PRC in moderating the relationship between PMS and managerial performance. A mix method approach using the survey with follow-up interviews was employed to achieve the research objectives. The survey for this study was conducted over five ministries directly working with the National Key Results Areas (NKRAs), as the NKRAs are the main indicators of GTP. Rasch Measurement Model and Winsteps^{@3.72.3}, SPSS version 21 and PROCESS analysis were used to analyze the data. Findings suggest that public sector managers can be classified into four groups, in accordance to their ability in performing managerial tasks. The present study indicates that the measurement of managers' responses towards managerial performance, PMS and PRC can be precisely measured using the Rasch probabilistic model. Analysis of multiple linear regression indicates that all three components of PMS: comprehensive PMS, the extent use of PMS and the attitude towards KPI have positive significant effects on managerial performance. On the other hand, the present study found that two out of five components of PRC: human resource competency and employee participation have significant positive effects on managerial performance. Further analysis to test the moderating effects of PRC indicators on the relationship between PMS and managerial performance revealed that three components of PRC: commitment of senior management, support from immediate managers, and communication of change have significant moderating effects on the relationship between PMS and managerial performance. Findings from interviews also suggested the policy makers to provide adequate information about change, encourage participation during the change process and to improve the leadership skills among senior managers in order to improve managers' PRC. In addition, the respondents also highlighted the importance of rewards and training in order to improve the managerial performance.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The public sector has long been subjected to criticism due to its lack of accountability, inefficiency and poor performance (Mucciarone & Neilson, 2009; Siddiquee, 2010, 2006). Public Sector Reform (PSR) in Malaysia started in the early 1980s as a mean to improve efficiency, effectiveness and accountability in public sector organizations (Immonen & Cooksy, 2014; Mucciarone & Neilson, 2011; Siddiquee, 2010, 2006; Mir & Rahaman, 2007; Greiling, 2005). The objectives of reforming the public sector are to provide effective and efficient, less expensive and better quality services (Webb, 2010; Chitto, Ramphul & Nowbutsing, 2009).

The PSR is further classified into two categories, the administrative reform and financial management reform. Many of the administrative reforms are known as the New Public Management (NPM), and has been introduced to solve the problem of inefficient government (Liguori, 2012; Siddiquee, 2010, 2006; Siti Nabiha, 2008; Jarrar & Schiuma, 2007). While the second type of PSR is known as financial management reform involved in the introduction of a new performance management system (Siti Nabiha, 2008; Siddiquee, 2006).

According to Mucciarone and Neilson (2011), the NPM is *“based on the fundamental concept that public sector organizations can and should borrow management strategies from the private sector”* (p.36). Many developed countries, such as Australia, U.K, U.S, Netherlands, and Canada have introduced NPM during the transition away from decentralization and privatization to the development of goal-driven and client-orientated approach which were ‘borrowed’ from the private sector (Bogt, 2008; 2004). Recently, the Government of Pakistan also introduced a few change programs to reform the public sector organizations towards improving delivery services. Among other activities planned in Vision 2025, is reforming civil servants through strengthening the performance management system (Iqbal, cited in *Business Recorder*, 2 June 2015). This is true as the rise of public concern towards accountable and efficient government has influenced most public sector organizations